GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4829
ANSWERED ON:24.04.2003
POWER SCAM IN KAKINADA PLANT IN A.P.
DADICHILUKA VEERA GOURI SANKARA RAO;DAGGUBATI RAMANAIDU

Will the Minister of POWER be pleased to state:

(a) whether power scam in respect of gas fired plant at Kakinada in Andhra Pradesh has been reported;

(b) if so, the details thereof; and

(c) the action taken by the Government against those involved?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : Yes Sir, there have been some news reports about alleged secret pay-offs in regard to the 208 MW Godavari power project in Andhra Pradesh of M/s. Spectrum Power Generation Limited (SPGL).

(b) : A news item in `The Asian Age` of 11th February, 2003 has mentioned about reports in the British Media stating that the Rolls Royce Company (a UK basedfirm), had allegedly made secret pay-offs to an Indian firm, Towanda Services Ltd., to secure bids for the `Engineering, Procurement & Construction` (EPC) as well as theO&M contract in relation to the 208 MW Godavari power project being implemented in Andhra Pradesh by M/s. Spectrum Power Generation Limited (SPGL).

The Godavari project is a State Sector project which was awarded to the private company by the Government of Andhra Pradesh. The Power Purchase Agreement in respect of the project has been entered into between the private project developers and the erstwhile Andhra Pradesh State Electricity Board.

The Government of Andhra Pradesh (GOAP), who were requested fortheir comments in the matter have informed that there has been a series of allegations and accusations and litigation between the two sets of promoters for the said power project. It has been stated by the State Government that there is no definite information about the authenticity of these documents. Efforts of the Government of Andhra Pradesh to contactthe parties involved to find out the confirmation regarding authenticity of their communication also did not yield any response. When asked by the State Government for his comments, the Managing Director of the power project also declined to offer any comments on the subject, because of the pendency of several cases in different courts and `the matters are sub-judice`.

Beside allegations of kickbacks from EPC and O&M contractors, GOAPhave also informed about allegations of bogus contracts awarded for land and site developments for the Godavari project. The project developers had claimed an amount towards land and site development cost which was higher than that cleared by the Central Electricity Authority. However, the State Government decided not to allow any increase in the capital cost for the project.

(c) : Various allegations made with reference to the 208 MW Godavari powerproject, are sub-judice and the Central Government (Ministry of Power) has not carried out any separate investigation into the matter.